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October 12, 2009

**VIA HAND DELIVERY**

The Honorable Chairman and Members of the  
Hawaii Public Utilities Commission  
465 King Street, Room 103  
Kekuanaoa Building  
Honolulu, HI 96813

FILED  
2009 OCT 12 P 4:15  
PUBLIC UTILITIES  
COMMISSION

Re: Docket No. 2008-0273 -- Instituting a Proceeding to Investigate the  
Implementation of Feed-in Tariffs; Submission of a Proposed  
Procedural Schedule to Govern the Remainder of the Docket

The Department of Business, Economic Development, and Tourism of the State of Hawaii ("DBEDT") herewith submits to the Hawaii Public Utilities Commission ("PUC" or "Commission") its suggested procedural schedule to govern the remainder of the feed-in tariff docket captioned above. This submission serves as DBEDT's direct response to the Commission's solicitation of timelines and schedules<sup>1</sup>, stipulated by the Parties in this docket to the extent possible, for completion of reliability standards<sup>2</sup>, for filing queuing and interconnection procedures<sup>3</sup>, and generally for scheduling the rest of this docket.<sup>4</sup> As of the date of this letter, the following Parties to this docket have indicated their approval of this proposed schedule and therefore join with DBEDT in this submission: Hawaii Renewable Energy Alliance (HREA), SOPOGY Inc., Blue Planet Foundation, Clean Energy Maui LLC, Tawhiri Power LLC, Hawaii Solar Energy Association (HSEA), The Solar Alliance, and Zero Emissions Leasing LLC.

DBEDT's submission today is driven by its perception of and conviction to hold fast to several founding principles of this docket:

1. *The importance of the collaborative process.* DBEDT believes that the tariff development should be a collaborative process. HECO's proposal submitted to the Commission

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1 As set forth in the Commission's Decision and Order in this docket filed September 25, 2009 (the "D&O").

2 D&O, p. 50.

3 D&O, p. 94.

4 D&O, p. 100

today relegates the Parties' role in tariff development to simply providing comments. More interaction and technical sessions are necessary to ensure a best FiTs tariff design that will indeed achieve the goal of increasing renewable energy generation in the HECO Companies service territories.

2. *The need to set the appropriate pace.* Balancing the need for expedition with the requirements of thoroughness and good policymaking is difficult when, as here, common goals have differing demands. A deliberative process that maximizes the probability of rational, far-sighted regulation may call for a longer, more involved schedule than would be consistent with a schedule prioritizing full implementation of the tariffs as soon as possible. By setting out the three main processes (Independent Observer; Reliability; Queuing and Interconnection) in overlapping phases, DBEDT hopes to present a workable compromise that shortens the time taken while allowing the results of each phase to inform the other to the extent necessary and appropriate.

3. *Informed regulation requires a discovery process through information requests.* DBEDT feels that the HECO Companies' proposal does not provide for this necessary step, and has inserted opportunities for IRs and responses accordingly.

4. *Bifurcation of tariff development between Tiers 1/2 and Tier 3 is not desirable.* DBEDT believes that combining the deliberation on all three tariff tiers will actually save time, not waste it. DBEDT believes there are issues in each tier that will require specific focus and work, and that although Tier 3 may on its surface appear to present more challenges for tariff making, working on all three will not eventuate in holding back the implementation of any other tier.

Realizing that consensus is desirable to the extent it can be procured, DBEDT and the Intervenor joining with it submit the enclosed proposed schedule with the aim of allowing good decision-making to proceed at the fastest reasonable pace.

Very truly yours,



Gregg J. Kinkley  
Deputy Attorney General  
Counsel for the Department of Business,  
Economic Development, and Tourism  
State of Hawaii

cc: Service List

Proposed Procedural Schedule:

Step	Procedural Steps for Independent Observer	Date
1	HECO submits to all parties list of proposed candidates and proposed draft contract for Independent Observer.	October 23, 2009
2	Parties submit informal comments on HECO's list of proposed candidates, or alternative list of proposed candidate(s), and informal comments on draft contract for IO.	October 30, 2009
3	HECO files list of proposed candidates and proposed draft contract for IO for Commission review and approval.	November 6, 2009
4	Parties file comments on HECO's list of proposed candidates for IO, and comments and/or alternative language for proposed draft contract for IO.	November 13, 2009
5a 5b	Commission approval of IO. Commission order on contract for IO.	
6	HECO files application for Commission approval of IO contract.	5 days after Commission approval of IO.
7	Commission approval of IO contract.	
8	IO review of Queuing and Interconnection Procedures for Tiers 1-3.	Begin on date of Commission approval of IO contract.
Step	Procedural Steps for Rate Development and Reliability Standards for Tiers 1-3	Date
1	HECO submits to all parties (i) existing reliability standards, (ii) electronic copy of DCF model referenced in Sept. 25, 2009 D&O, (iii) list of input data to the model, and (iv) types and amounts of interconnection costs for Tiers 1-3.	November 10, 2009
2	Technical Session on Reliability Standards for Tiers 1-3.	November 18, 2009
3	Technical Session on Rate Development for Tiers 1-3.	November 19, 2009
4	HECO submits to all parties Informal Draft Proposed Tariffs for Tiers 1-3 (including proposed rates, interconnection costs, reliability standards, and FIT standard offer contract form).	December 10, 2009
5	Parties submit to all parties Informal Comments on HECO's Informal Draft Proposed Tariffs for Tiers 1-3 and/or alternative Draft Proposed Tariffs for Tier 1-3 (including proposed rates, interconnection costs; reliability standards; and FIT standard offer contract form).	December 18, 2009

6	Settlement Discussions on Proposed Tariffs for Tiers 1-3 (including proposed rates, interconnection costs; reliability standards; and FIT standard offer contract form).	January 6-8, 2010
7	HECO files Proposed Tariffs for Tiers 1-3 (including proposed rates, interconnection costs; reliability standards; and FIT standard offer contract form).	January 15, 2010
8	Information Requests to HECO on Proposed Tariffs for Tiers 1-3 (including proposed rates, interconnection costs; reliability standards; and FIT standard offer contract form).	January 22, 2010
9	HECO's Responses to Parties' Information Requests.	February 5, 2010
10	Parties file comments on HECO's Proposed Tariffs for Tiers 1-3; and/or alternative Proposed Tariffs for Tier 1-3 (including proposed rates, interconnection costs; reliability standards; and FIT standard offer contract form).	February 19, 2010
11	Parties' Information Requests on Parties' comments and/or alternative proposed tariffs for Tiers 1-3 (including proposed rates, interconnection costs; reliability standards; and FIT standard offer contract form).	February 26, 2010
12	Parties' Responses to Parties' Information Requests.	March 12, 2010
<b>Step</b>	<b>Procedural Steps for Queuing and Interconnection Procedures for Tiers 1-3</b>	<b>Date</b>
1	HECO to submit to all parties Informal Draft Proposed Queuing and Interconnection Procedures for Tiers 1-3.	December 10, 2010
2	Technical Sessions on Queuing and Interconnection Procedures for Tiers 1-3.	January 12-13, 2010
3	Parties submit informal comments on HECO's Informal Draft Proposed Queuing and Interconnection Procedures for Tiers 1-3.	January 27, 2010
4	Settlement Discussions on HECO's Informal Draft Proposed Queuing and Interconnection Procedures for Tiers 1-3.	February 10-11, 2010
5	HECO files Proposed Queuing and Interconnection Procedures for Tiers 1-3.	February 24, 2010
6	Parties' Information Requests to HECO on Proposed Queuing and Interconnection Procedures for Tiers 1-3.	March 3, 2010
7	HECO's Responses to Information Requests.	March 11, 2010
8	Parties' file Comments on HECO's Proposed Queuing and Interconnection Procedures for Tiers 1-3, and/or alternative Proposed Queuing and Interconnection Procedure for Tiers 1-3.	March 22, 2010

9	Parties' Information Requests on Parties' Comments on HECO's Proposed Queuing and Interconnection Procedures for Tiers 1-3, and/or Parties' alternative Proposed Queuing and Interconnection Procedure for Tiers 1-3.	March 29, 2010
10	Parties' Responses to Information Requests.	April 5, 2010
11	Commission approval of Proposed Tariffs for Tiers 1-3 (including proposed rates, interconnection costs, reliability standards, and FIT standard offer contract form).	
12	Implementation of FIT Program.	5 days after Commission approval of Proposed Tariffs for Tiers 1-3.

Certificate of Service

I hereby certify that I have served a copy of the Department of Business, Economic Development, and Tourism's letter to the Commission with regard to its Proposed Procedural Schedule in PUC Docket Number 2008-0273, by electronic transmission on the date of signature to each of the parties listed below.

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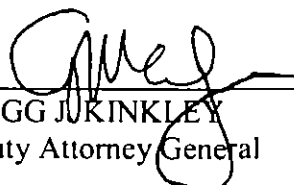
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